

In the Matter of)	No. G 97 - 47
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
GREAT REPUBLIC LIFE)	AND ORDER ADOPTING REPORT
INSURANCE COMPANY,)	
A Domestic Insurer.		

BACKGROUND

An examination of the financial condition of **GREAT REPUBLIC LIFE INSURANCE COMPANY** (the Company) as of December 31, 1995, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The company holds a Washington certificate of authority as a stock life and disability insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and comments and recommendations was transmitted to the Company for its comments on October 14, 1997.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 4 through 21 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **GREAT REPUBLIC LIFE INSURANCE COMPANY** and to order the company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company has implemented some of the Instructions and Comments and Recommendations prior to the date of this order. The instructions and comments and recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report:

1. The Company is instructed to increase its paid-in surplus to strengthen its financial position, as noted in Instruction (1) of the examination report.
2. The Company is instructed to file its actuarial opinion, as required by WAC 284-07-380, on the basis of an asset adequacy analysis, as noted in Instruction (2) of the examination report.
3. The Company is instructed to hold annual shareholder meetings as required by RCW 48.07.040, as noted in Instruction (3) of the examination report.
4. The Company is instructed to comply with RCW 48.06.200(6) that requires a minimum of five board members, and to comply with its Articles of Incorporation and Bylaws, which require not less than five nor more than nine board members, as noted in Instruction (4) of the examination report.
5. The Company is instructed to maintain a written record in permanent form showing the authorization by a Company officer of acquisition and sales of securities as required by RCW 48.13.350, and as noted by Instruction (5) of the examination report.
6. It is recommended that the Company implement a procedure for disclosure of conflicts to the Board of Directors annually, as noted in Comment and Recommendation (1) of the examination report.
7. It is recommended that the Company's custodial agreement with BNY Western Trust

Company be updated to include provisions for indemnifying the Company for the loss of securities as required by the NAIC and as noted in Comment and Recommendation (2) of the examination report.

8. It is recommended that the Company increase supervision to develop a higher level of confidence in the integrity of accounting and reporting, as noted in Comment and Recommendation (3) of the examination report.

9. It is recommended that the Company remove terminated policies from the in-force listings and that outstanding policy loans be written off against cash value of policies terminated, as noted in Comment and Recommendation (4) of the examination report.

10. It is recommended that the Company update bank signature cards to properly reflect bank name and account numbers and to remove the authorization of former employees to sign on the account, as noted in Comment and Recommendation (5) of the examination report.

11. It is recommended that the Company prepare the form for calculating the Interest Maintenance Reserves according to NAIC guidelines as noted in Comment and Recommendation (6) of the examination report.

ENTERED at Lacey, Washington, this 1st day of December, 1997.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division